

## Interest Expense Deduction

Before Tax Cuts and Jobs Act  
FEDERAL TAX



- Income: \$100,000
- Interest Expenses: \$10,000
- Taxable Income: \$90,000

$$\$90,000 \times 35\% = \$31,500$$



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After Tax Cuts and Jobs Act  
FEDERAL TAX



- Income: \$100,000
- **LIMITED** Interest Expenses: \$5,000
- Taxable Income: \$95,000

$$\$95,000 \times 21\% = \$19,950$$



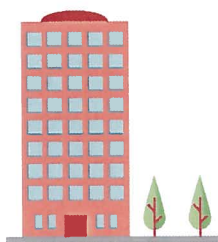
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## Interest Expense Deduction

Before Tax Cuts and Jobs Act  
STATE TAX



- Federal Taxable Income: \$90,000

$$\$90,000 \times 6\% = \$5,400$$



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## Interest Expense Deduction

After Tax Cuts and Jobs Act  
STATE TAX



- Federal Taxable Income: \$95,000

$$\$95,000 \times 6\% = \$5,700$$



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## Interest Expense Deduction

- State Tax Liability Before TCJA: \$5400
- State Tax Liability After TCJA: \$5700
- 5.5% State Tax Liability Increase



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